

Introduced by Senator LiuFebruary 26, 2015

An act to amend Section 54237 of the Government Code, relating to surplus residential property.

LEGISLATIVE COUNSEL'S DIGEST

SB 580, as introduced, Liu. Surplus residential property: affordable housing: historic buildings.

Existing law declares the intent of the Legislature to preserve, upgrade, and expand the supply of housing to persons and families of low or moderate income, through the sale of specified surplus residential property owned by public agencies. Existing law establishes priorities and procedures that any state agency disposing of that surplus residential property is required to follow. Under existing law, specified single-family residences must first be offered to their former owners or present occupants, as specified. If the property is not sold to a former owner or present occupant, existing law requires that the property be offered to a housing-related private or public entity at a reasonable price for either limited equity cooperative housing or low and moderate income rental or owner-occupied housing, as specified.

This bill would authorize a local housing authority to purchase, rehabilitate, and resell surplus residential property within its jurisdiction. The local housing authority would be required to dedicate any profits realized from the sale to the construction of affordable housing. The bill would also require that, prior to offering the property to a housing-related private or public entity as specified above, that property that is a historic home, as defined, be first offered to a housing-related public entity or a nonprofit private entity dedicated to rehabilitating and

maintaining the historic home for public and community access and use.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 54237 of the Government Code is
2 amended to read:

3 54237. (a) Notwithstanding Section 11011.1, ~~any~~ *an* agency
4 of the state disposing of surplus residential property shall do so in
5 accordance with the following priorities and procedures:

6 (1) First, all single-family residences presently occupied by
7 their former owners shall be offered to those former owners at the
8 appraised fair market value.

9 (2) Second, all single-family residences shall be offered,
10 pursuant to this article, to their present occupants who have
11 occupied the property two years or more and who are persons and
12 families of low or moderate income.

13 (3) Third, all single-family residences shall be offered, pursuant
14 to this article, to their present occupants who have occupied the
15 property five years or more and whose household income does not
16 exceed 150 percent of the area median income.

17 (4) Fourth, a single-family residence shall not be offered,
18 pursuant to this article, to present occupants who are not the former
19 owners of the property if the present occupants have had an
20 ownership interest in real property in the last three years.

21 (b) Single-family residences offered to their present occupants
22 pursuant to paragraphs (2) and (3) of subdivision (a) shall be
23 offered to those present occupants at an affordable ~~price, which~~
24 *price*. *The* price shall not be less than the price paid by the agency
25 for original acquisition, unless the acquisition price was greater
26 than the current fair market value, and shall not be greater than
27 fair market value. When ~~a~~ *a* single-family ~~residences are~~ *residence*
28 *is* offered to present occupants at a price that is less than fair market
29 value, the selling agency shall impose terms, conditions, and
30 restrictions to ensure that the housing will remain available to
31 persons and families of low or moderate income and households
32 with incomes no greater than the incomes of the present occupants
33 in proportion to the area median income. The Department of

1 Housing and Community Development shall provide to the selling
2 agency recommendations of standards and criteria for these prices,
3 terms, conditions, and restrictions. The selling agency shall provide
4 repairs required by lenders and government housing assistance
5 programs, or, at the option of the agency, provide the present
6 occupants with a replacement dwelling pursuant to Section
7 54237.5.

8 (c) If single-family residences are offered to their present
9 occupants pursuant to paragraphs (2) and (3) of subdivision (a),
10 the occupants shall certify their income and assets to the selling
11 agency. ~~When a single-family residences are~~ *residence is* offered
12 to present occupants at a price that is less than fair market value,
13 the selling agency may verify the certifications, in accordance with
14 procedures utilized for verification of incomes of purchasers and
15 occupants of housing financed by the California Housing Finance
16 Agency and with regulations adopted for the verification of assets
17 by the United States Department of Housing and Urban
18 Development. The income and asset limitations and term of
19 residency requirements of paragraphs (2) and (3) of subdivision
20 (a) shall not apply to sales that are described as mitigation measures
21 in an environmental study prepared pursuant to the Public
22 Resources Code, if the study was initiated before this measure was
23 enacted.

24 (d) All other surplus residential properties and all properties
25 described in paragraphs (1), (2), and (3) of subdivision (a) that are
26 not purchased by the former owners or the present occupants shall
27 be then offered ~~to~~ *as follows:*

28 *(1) Except as required by paragraph (2), the property shall be*
29 *offered to a housing-related private and or public entities entity at*
30 *a reasonable price, which is best suited to economically feasible*
31 *use of the property as decent, safe, and sanitary housing at*
32 *affordable rents and affordable prices for persons and families of*
33 *low or moderate income, on the condition that the purchasing entity*
34 *shall cause the property to be rehabilitated and developed used as*
35 *follows:*

36 *(A) If the housing-related entity is a public entity, the entity may*
37 *resell the property. The entity shall dedicate profits realized from*
38 *a sale pursuant to this subparagraph to the construction of*
39 *affordable housing within its jurisdiction.*

1 (B) *If the entity is a private housing-related entity or a*
2 *housing-related public entity that does not use the property as*
3 *described in subparagraph (A), the entity shall cause the property*
4 *to be developed as limited equity cooperative housing with first*
5 *right of occupancy to present occupants, except that where the*
6 *development of cooperative or cooperatives is not feasible, the*
7 *purchasing-agency entity shall cause the property to be used for*
8 *low and moderate income rental or owner-occupied housing, with*
9 *first right of occupancy to the present tenants. The price of the*
10 *property in no case shall be less than the price paid by the-agency*
11 *entity for original acquisition unless the acquisition price was*
12 *greater than current fair market value and shall not be greater than*
13 *fair market value. Subject to the foregoing, it shall be set at the*
14 *level necessary to provide housing at affordable rents and*
15 *affordable prices for present tenants and persons and families of*
16 *low or moderate income. When residential property is offered at*
17 *a price that is less than fair market value, the selling agency shall*
18 *impose terms, conditions, and restrictions as will ensure that the*
19 *housing will remain available to persons and families of low or*
20 *moderate income. The Department of Housing and Community*
21 *Development shall provide to the selling agency recommendations*
22 *of standards and criteria for prices, terms, conditions, and*
23 *restrictions.*

24 (2) (A) *If the property is a historic home, the property shall be*
25 *offered first to a housing-related public entity subject to*
26 *subparagraph (A) of paragraph (1) or to a nonprofit private entity*
27 *dedicated to rehabilitating and maintaining the historic home for*
28 *public and community access and use.*

29 (B) *For the purposes of this paragraph, “historic home” means*
30 *surplus residential property that is listed on, or for which an*
31 *application has been filed for listing on, at least one of the*
32 *following by January 1, 2015:*

33 (i) *The California Register of Historical Resources, as*
34 *established pursuant to Article 2 (commencing with Section 5020)*
35 *of Chapter 1 of Division 5 of the Public Resources Code.*

36 (ii) *The National Register of Historic Places, as established*
37 *pursuant to Chapter 3021 of Title 54 of the United States Code.*

38 (iii) *The National Register of Historic Places, as previously*
39 *established pursuant to the National Historic Preservation Act*
40 *(16 U.S.C. Sec. 470 et seq.).*

1 (e) ~~Any~~A surplus residential ~~properties~~ *property* not sold
2 pursuant to subdivisions (a) to (d), inclusive, shall then be sold at
3 fair market value, with priority given first to purchasers who are
4 present tenants in good standing with all rent obligations current
5 and paid in full, second to former tenants who were in good
6 standing at the time they vacated the premises, with priority given
7 to the most recent tenants first, and then to purchasers who will
8 be owner occupants. The selling agency may commence the ~~sales~~
9 ~~sale of properties~~ *property* that former tenants may possess a right
10 to purchase as provided by this subdivision 30 days after the selling
11 agency has done both of the following:

12 (1) Posted information regarding the ~~sales~~ *sale* under this
13 subdivision on the selling agency's Internet Web site.

14 (2) Made a good faith effort to provide written notice, by
15 first-class mail, to the last known address of each former tenant.

16 (f) Tenants in good standing of nonresidential properties shall
17 be given priority to purchase, at fair market value, the property
18 they rent, lease, or otherwise legally occupy.